

13304/A  
RECORDATION NO. \_\_\_\_\_ Filed 1425

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NOV 10 1981 - 2 25 PM NOV 10 1981 - 2 25 PM

1-314A079

INTERSTATE COMMERCE COMMISSION INTERSTATE COMMERCE COMMISSION  
Secretary of the Interstate

Commerce Commission  
Recordation Department  
Room No. 2303  
Attention: Ms. Mildred Lee  
12th and Constitution Ave., N.W.  
Washington, D. C. 20423

No. 1  
Date NOV 10 1981  
Fee \$ 100.00  
ICC Washington, D. C.

RECEIVED

NOV 10 2 19 PM '81

Dear Ms. Lee:

Enclosed please find the following documents for recordation: one original and one certified true copy of the Lease; one original and one certified true copy of the Security Agreement.

The parties to the transaction are:

Lessee

Northern Petrochemical  
Company  
2350 East Devon Avenue  
Des Plaines, Illinois  
60012

Lessor

Merrill Lynch Leasing, Inc.  
One Liberty Plaza  
165 Broadway  
New York, New York 10080

Agent for the Investors

The Omaha National Bank  
18th & Farnam Streets  
Omaha, Nebraska 68102  
Attention: Corporate  
Trust Department

Guarantor

InterNorth, Inc.  
2223 Dodge Street  
Omaha, Nebraska 68102

Investors

United Benefit Life  
Insurance Company  
Mutual of Omaha Plaza  
Omaha, Nebraska 68175

Woodmen of the World Life  
Insurance Society  
1700 Farnam Street  
Omaha, Nebraska 68102

The Lease and the Security Agreement cover 150 CF 5251  
Center Flow Covered Hopper Cars and 25 Jumbo 112J400W Tanker

TRINITY AND ACE CARS

*Monica Vachek*

Cars which are more particularly described in the attached Equipment Schedule and the Equipment Schedules which will be filed as supplements thereto as delivery of the cars is completed.

The original documents may be returned to:

Kutak Rock & Huie  
The Omaha Building  
1650 Farnam Street  
Omaha, Nebraska 68102

Thank you for your assistance.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Joyce A. Dixon".

Joyce A. Dixon  
Kutak Rock & Huie  
Attorneys for Investors

sjd

Enclosures

STATE OF *Nebraska* )  
COUNTY OF *Douglas* ) SS.

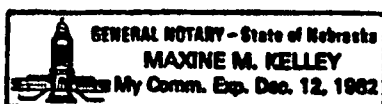
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INTERSTATE COMMERCE COMMISSION

The undersigned has compared the document to which this certificate is attached with the original thereof, entitled Security Agreement, and certifies that is is a true and correct copy of the same in all respects.

*Maxine M. Kelley*  
Notary Public



(NOTARIAL SEAL)

My Commission expires *December 12, 1982.*

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## SECURITY AGREEMENT INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT, dated as of November 1, 1981, by and between THE OMAHA NATIONAL BANK, a national banking association located in the State of Nebraska, as agent (the "Agent") under an agency agreement (the "Agency Agreement") of even date herewith with United Benefit Life Insurance Company and Woodmen of the World Life Insurance Society (the "Investors") and MERRILL LYNCH LEASING COMPANY INC. (the "Lessor").

## WITNESSETH:

WHEREAS, Northern Petrochemical Company (the "Lessee") has contracted to purchase certain hopper and tank railcars described in Exhibit A hereto (the "Equipment") from AFC Industries and Trinity Industries (the "Builders");

WHEREAS, the Lessee has entered into an Assignment of Purchase Agreements (the "Assignment") with the Lessor of even date herewith, under the terms of which the Lessee has assigned to the Lessor certain of its rights to purchase the Equipment;

WHEREAS, under the terms of the Participation Agreement of even date herewith by and among the Agent, the Investors, the Lessor, the Lessee and InterNorth Inc. (the "Guarantor") (the "Participation Agreement"), the Agent has agreed to forward certain sums to the Builders and certain vendors on behalf of the Lessor in partial payment of the acquisition amounts due under Sections 1 and 2 of the Participation Agreement and on behalf of the Investors as to amounts loaned to the Lessor by the Investors;

WHEREAS, to evidence the obligation of the Lessor to repay the amounts loaned by the Agent on behalf of the Investors, the Lessor has executed or will execute certain Promissory Notes (the "Notes") in the cumulative amount equal to those payments made by the Investors (the "Equipment Indebtedness");

WHEREAS, the Lessor will lease the Equipment to the Lessee under the terms of a Lease Agreement of even date herewith (the "Lease") and the Guarantor will enter into a Guaranty Agreement of even date herewith with the Lessor

guaranteeing the payment and performance of the Lessee's obligations under the Lease;

WHEREAS, the Lessor has agreed to grant a security interest in certain collateral to the Agent as security for the payment of the Notes;

NOW, THEREFORE, the parties hereto do hereby agree as follows:

Section 1. Definition of Terms. Unless otherwise expressly stated, the word "Lessor" as used herein includes Lessor's successors in interest and assigns (including the Agent, where applicable) and the word "Agent" as used herein includes Agent's successors in interest and assigns. All other terms used in this Security Agreement shall have the meanings set forth in Section 24 of the Lease.

Section 2. Assignment. The Lessor hereby conveys, assigns, transfers, grants and sets over unto the Agent, as collateral security for the payment and performance of the obligations of the Lessor under the Notes, all of the Lessor's right, title and interest in, to and under (i) the Lease (other than (w) the rights of the Lessor pursuant to Section 21 of the Lease regarding the cure of certain Events of Default under the Lease, (x) the right of the Lessor to receive from the Lessee or the Guarantor the reimbursements for taxes and other items and any indemnity payments pursuant to Section 6(B) of the Lease, (y) the indemnification payments to any Indemnified Party other than the Agent or the Investors pursuant to the penultimate paragraph of Section 9 of the Lease or (z) the rights of the Lessor under Section 7 of the Lease as an additional insured under public liability insurance, as an insured under insurance maintained by the Lessor and that portion of any Casualty Value payment which is in excess of the then outstanding Equipment Indebtedness when such Casualty Value is paid (together, the "Excluded Payments"); (ii) the Guaranty, other than Excluded Payments; (iii) the immediate right to receive and collect all Rent, Supplemental Rent and other sums payable to or receivable by the Lessor under or pursuant to the provisions of the Lease, whether as rent, casualty payment, termination payment, indemnity, liquidated damages or otherwise and all sums payable to or receivable by Lessor under or pursuant to the terms of the Guaranty, other than Excluded Payments, and (iv) the Purchase Agreements, Assignment, the Consents and the Bills of Sale (such moneys being hereinafter called the "Collateral Payments"), it being expressly understood and agreed by the Assignee that such assignment of the Collateral Payments shall not thereby increase the amount of funds applicable to

the payment or prepayment of the Notes or interest thereon; (v) the Equipment and all proceeds of the Equipment (any and all additions to the Equipment, and any and all parts installed on and additions and replacements made to any unit of the Equipment, title to which vests in the Lessor under the Lease, shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Security Agreement and included in the term "Equipment" as used in this Security Agreement); and (vi) the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease and the Guaranty and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease or the Guaranty (items referred to in subparagraphs (i) through (vi), inclusively, hereinafter referred to as the "Collateral."

**Section 3. Covenants and Representations.** The Lessor hereby represents and warrants that (a) subject only to the rights of the Lessee under the Lease, the Lessor holds the title to the Equipment which it received from the Builder on the Funding Date; (b) it has good and lawful authority to grant a security interest in the same and to assign all of its right, title and interest in and to the Collateral; (c) the Equipment is and will remain free and clear of all liens and encumbrances whatsoever arising from any act or omission of the Lessor which does not relate solely to the ownership of Equipment by the Lessor and which is not contemplated by this transaction; (d) the Lessor shall defend the Collateral against the lawful claims of all persons whomsoever, except as may be above stated; (e) the Participation Agreement, the Notes, the Lease, the Assignment and this Security Agreement have each been duly authorized, executed and delivered by the Lessor and, assuming the due authorization, execution and delivery by each of the other party or parties hereto and thereto, each is and will remain the valid and binding obligation of the Lessor enforceable against the Lessor in accordance with its respective terms; (f) the Lessor has not executed any other assignment of the Lease or the Guaranty and its right to receive all payments under the Lease and the Guaranty is and will continue to be free and clear of any and all liens, charges, security interests or other encumbrances (except this Security Agreement) created, incurred, assumed or suffered as a result of any act or omission in respect of which the Lessee has assumed responsibility under the Lease or the Guarantor has assumed responsibility under the Guaranty), and the Lessor has not received any advance Rent under the Lease or the Guaranty; and (g) it has performed all obligations on its part to be performed under the Operation Documents on or prior to the date hereof and there has not

occurred on or prior to the date hereof any Event of Default as defined in the Lease or the Guaranty or any event which, with notice, demand or lapse of time, would constitute an Event of Default.

Section 4. Agent as Attorney in Fact. The grant of a security interest in the Collateral permits the Agent, but does not impose any obligation upon the Agent, to perform any obligation or duty of any party to such documents which have been assigned to it as the Collateral hereunder. In furtherance thereof, the Lessor hereby authorizes and empowers the Agent, in the Agent's own name or in the name of the Agent's nominee, or in the name of or as attorney hereby irrevocably constituted for the Lessor, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Agent is or may become entitled under this Security Agreement and compliance by the Lessee or the Guarantor with the terms and agreements on its part to be performed under the Lease or the Guaranty.

Section 5. Acceptance of Payment. The Agent agrees to accept any Collateral Payments made by the Lessee or the Guarantor for the account of the Lessor pursuant to the Lease and to acknowledge receipt of such payments. To the extent received, the Agent will apply such Collateral Payments to satisfy the obligation of the Lessor under the Notes, and any balance shall be paid to the Lessor on the same date such Collateral Payment is applied to satisfy such obligations of the Lessor, by bank wire to the Lessor of immediately available federal funds at such address as may be specified to the Agent in writing. Such balance shall be retained by Agent if an Event of Default, as defined in the Lease, exists or with notice, demand or lapse of time would exist. If the Agent shall not receive any Rent payments under the first paragraph of Section 3 of the Lease when due, the Agent shall notify the Lessor at the address set forth in the Participation Agreement.

Section 6. No Liability of Agent. This Security Agreement is executed only as security and, therefore, the execution and deliver of this Security Agreement shall not subject the Agent to, or transfer, or pass, or in any way affect or modify, the obligation of the Lessor under the Lease or the Guaranty, it being understood and agreed that notwithstanding this Security Agreement, or any subsequent assignment, all obligations, if any, of the Lessor to the Lessee or the Guarantor shall be and remain enforceable by the Lessee or the Guarantor only against the Lessor or persons other than the Agent. Neither this Security Agreement nor any action or inaction on the part of the Agent shall, without its written consent, constitute an assumption on its part of any obliga-

tion under the Lease; nor shall the Agent have any obligation to make any payment to be made by the Lessor under the Purchase Agreements or by the Lessee under the Lease, or to present or file any claim, or to take any other action to collect or enforce the payment of any amounts which have been assigned to the Agent or to which it may be entitled under this Security Agreement at any time or times. No action or inaction on the part of the Agent shall adversely affect or limit in any way the rights of the Agent under this Security Agreement.

Section 7. Further Covenants. To protect the security afforded by this Security Agreement, the Lessor further agrees as follows:

(a) The Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Lessor (other than any act or omission in respect of which the Lessee has assumed responsibility under the Lease); and, without the express written consent of the Agent, the Lessor will not anticipate the Rents or supplemental Rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee or the Guarantor of or from the obligations, covenants, conditions and agreements to be performed by the Lessee or the Guarantor, including, without limitation, the obligation to pay the Payments in the manner and at the times and place specified therein, or enter into any agreement amending, modifying or terminating the Lease or the Guaranty; and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void;

(b) at the Lessor's sole cost and expense (subject to the last paragraph of Section 4), the Lessor will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations or duties of the Lessor under the Lease or the Guaranty if such action or proceeding will arise out of the willful misconduct or gross negligence of the Lessor; and

(c) should the Lessor fail to make any payment on the Notes or to do any act which this Security Agreement requires the Lessor to make or do, then the Agent may (but shall not be obligated), after first making written demand upon the Lessor and affording the Lessor a reasonable period of time within which to make such payment or do such act, and without releasing the Lessor from



any obligation hereunder or under the Lease or the Guaranty, make such payment or do such act in such manner and to such extent as the Agent may deem necessary to protect the security hereof, including, without limitation, the right to appear in and defend any action or proceeding purporting to affect the security hereof of the rights or powers of the Agent and also the right to perform and discharge each and every obligation, covenant and agreement of the Lessor contained in the Lease or the Guaranty. In exercising any such powers, the Agent may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Lessor will reimburse the Agent for such costs, expenses and fees.

Section 8. Termination. Upon the full discharge and satisfaction of all the Lessor's obligations under the Notes, this Security Agreement and all rights herein assigned to the Agent shall terminate, and absolute estate, right, title and interest of the Agent in and to the Collateral shall revert to the Lessor. The Agent hereby agrees that it will, at the request of the Lessor or its successors or assigns (a) execute any documents releasing its security interest in the Collateral, free of all liens, security interest and other encumbrances incurred by or through the Agent or the Investors, (b) execute and deliver to the same place, for filing, recording, registering or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Lessor to the Equipment and (c) pay to the Lessor any money received by the Agent and not applied as herein provided. The Lessor hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeiture or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments within a reasonable time after written demand by the Lessor.

Section 9. Assignments, Transfer. The Lessor will not (a) transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights to the Collateral unless such sale, assignment, transfer or disposition is made to a bank or trust company organized under the laws of the United States or any State thereof, having a capital and surplus aggregating at least \$25,000,000, and such bank or trust company expressly as-

sumes, in writing, in form and substance satisfactory to the Agent, all of the obligations of the Lessor hereunder (including, without limitation, rights and remedies against the Lessor and the Lessee).

All or any of the rights, benefits and advantages of the Agent to the Collateral and the Notes may be assigned by the Agent and reassigned by any assignee at any time or from time to time; provided, however, that prior to a Declaration of Default hereunder no such assignment shall be made to any person other than a recognized financial institution having a net worth, or capital and surplus, as the case may be, of at least \$25,000,000. No such assignment shall subject any assignee to, or relieve the Agent from, any of the obligations of the Agent herein.

Upon any assignment or reassignment referred to in the immediately preceding paragraph, either the assignor or the assignee shall give written notice to the Lessor, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Collateral, the Notes and this Security Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Lessor of the notification of any such assignment, all Collateral Payments shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

In the event of any such assignment by the Agent or successive assignments, the Lessor will, upon request by the assignee, change the markings on each side of each unit of the Equipment so as to be consistent with the interest of such assignee in the Equipment, to the extent necessary to conform to any requirements of the laws of the United States and of the jurisdictions in which the Equipment shall be operated. The cost of such markings in the event of an assignment of all the Equipment at the time covered by this Security Agreement shall be borne by the Lessor, and in the event of an assignment of less than all such Equipment, shall be borne by such assignee.

Section 10. Liens. The Lessor will pay or discharge any and all sums claimed by any party from, through or under the Lessor which, if unpaid, might become a lien, charge, security interest or other encumbrance on or with respect to the Collateral, equal or superior to the Agent's security interest therein if such liens, charges, security interests

or other encumbrances arise from any act or omission of the Lessor other than those arising solely from the ownership of the Equipment by the Lessor or which are contemplated by this transaction, and will promptly discharge any such lien, charge, security interest or other encumbrance within five Business Days after the Lessor has knowledge thereof; provided, however, that the Lessor shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not adversely affect the security interest of the Agent in or to the Collateral or otherwise adversely affect its rights under this Security Agreement. Any amounts paid by the Agent in discharge of liens, charges, security interests or other encumbrances upon the Collateral shall be secured by and under this Security Agreement.

This covenant will not be breached by reason of the existence of liens for taxes, assessments or governmental charges or levies, in each case so long as not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

Section 11. Defaults. In the event of any one or more of the following events of default shall occur and be continuing (a "Declaration of Default"), to wit:

(a) the Lessor shall fail to make any payment under the Notes in full when due and such failure shall continue for 10 days;

(b) the Lessor shall, for more than 20 days after the Agent shall have demanded performance thereof by written notice to the Lessee and the Lessor, fail or refuse to comply with any other covenant, agreement, term or provision of this Security Agreement or any agreement entered into concurrently herewith relating to the financing or lease of the Equipment, on the part of the Lessor to be kept or performed or to make provision satisfactory to the Agent for such compliance;

(c) an Event of Default (except an Event of Default arising solely in respect of an Excluded Payment) shall have occurred under the Lease, as defined in Section 10 thereof, and the Lessor shall have not cured the Event of Default; provided, however, that the right of Lessor to cure an Event of Default resulting from failure to pay an annual Rent payment shall be limited to

the right to cure two consecutive semiannual Rent payments on behalf of the Lessee but no more than four semiannual Rent payments in the aggregate;

(d) any proceedings shall be commenced by or against the Lessor for any relief under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension, and, if such proceedings have been commenced against the Lessor, such proceedings shall not have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), within 60 days after such proceedings shall have been commenced, or the Lessor shall make a general assignment for the benefit of creditors or shall not be paying its debts generally as they become due; or

(e) the Lessor shall make or suffer any unauthorized assignment or transfer of rights or interest in the Collateral or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Agent may, upon written notice to the Lessor and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Agent, (i) subject to the rights of the Lessee, cause the Lease immediately (upon such notice) to terminate (the Lessor acknowledges the right of the Agent to terminate the Lease); provided, however, that in no case shall there be a default under this Security Agreement where the Agent has received all Collateral Payments which are due; and provided further that such termination shall not be in derogation of or impair the rights of the Lessor to enforce compliance by the Lessee with any of its covenants and agreements under the Lease or to enforce any of its rights and remedies under Section 10 of the Lease (subject to the Agent's rights to repossess and sell the Equipment as provided in this Security Agreement), including the rights of the Lessor to sue for and recover damages provided for in Section 10 of the Lease upon the occurrence of Event of Default under the Lease, and/or (ii) declare the entire unpaid amounts due under the Notes, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the unpaid balance of the Equipment Indebtedness shall bear interest from the date of such declaration at the rate per annum specified in such Notes as being applicable to

amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. The Lessor shall promptly notify the Agent if it has actual knowledge of any event which constitutes, constituted or with notice, demand and/or lapse of time could constitute, a Declaration of Default under this Security Agreement and the action taken or propose to be taken with respect thereto.

The Agent may, at its election, waive any such Declaration of Default and its consequences and rescind and annul any declaration of acceleration or notice of termination of the Lease by notice to the Lessor and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such Declaration of Default had occurred and no declaration of acceleration or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Lessor that time is of the essence of this Security Agreement and that no such waiver, rescission or annulment shall extend to or affect any other of subsequent default or impair any rights or remedies consequent thereon.

Section 12. Remedies. At any time during the continuance of a Declaration of Default, the Agent may, subject to compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Agent, take or cause to be taken by its agent or agents immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Lessor any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Section 12 expressly provided, and may remove the same from the possession and use of the Lessor or any other person having such possession and use and for such purpose may enter upon the premises of the Lessee (to the extent permitted by the Lease) or the Lessor or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Lessor or the Lessee.

In case the Agent shall rightfully demand possession of the Equipment pursuant to this Security Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the the Lessor, the Agent shall, at the Lessee's expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points and shall there deliver the Equipment or cause it to be delivered to the Agent. At the option of the Agent, the Agent may keep the Equipment, at the expense of the Lessee, on any lines of

railroad or premises approved by the Agent until the Agent shall have leased, sold or otherwise disposed of the same but in no event longer than the earlier of 120 days after the scheduled termination of the Lease or one year after the Declaration of Default. The agreement to deliver the Equipment as hereinbefore provided is of the essence of this Security Agreement, and, upon application to any court of equity having jurisdiction in the premises, the Agent shall be entitled to a decree against the Lessor and/or the Lessee requiring specific performance hereof. The Lessor and the Lessee hereby expressly waive any and all claims against the Agent and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Agent (after retaking possession of the Equipment as hereinbefore in this Section 12 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the Equipment Indebtedness and make such disposition thereof as the Agent shall deem fit. Written notice of the Agent's election to retain the Equipment shall be given to the Lessor and the Lessee by telegram or registered mail, addressed as provided in the Participation Agreement, and to any other persons to whom the law may require notice, within 30 days after such election. In the event that the Agent should elect to retain the Equipment, all of the Lessor's rights in the Equipment shall thereupon terminate and all Collateral Payments made by the Lessor and the Lessee may be retained by the Agent as compensation for the use of the Equipment; provided, however, that if the Lessor, before the expiration of the 30-day period described in the next proviso, should pay or cause to be paid to the Agent the total unpaid balance of the Equipment Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Security Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Lessor; and provided further that if the Lessor, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Agent within 30 days from the receipt of notice of the Agent's election to retain the Equipment, then the Agent may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Agent shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have

elected to sell the Equipment in accordance with the provisions of this Section 12.

At any time during the continuance of a Declaration of Default, the Agent, with or without retaking possession of the Equipment, at its election and upon reasonable notice to the Lessor, the Lessee and any other persons to whom the law may require notice of the time and place, may, subject to the rights of the Lessee, sell the Equipment, or one or more units thereof, free from any and all claims of the Lessor, the Lessee or any other person claiming from, through or under the Lessor or the Lessee at law or in equity, at public or private sale and with or without advertisement, as the Agent may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Lessor should tender full payment of the Equipment Indebtedness together with interest thereon accrued and unpaid and all other payments due under this Security Agreement, as well as the expenses of the Agent in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, such sale and the Agent's reasonable attorney's fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Lessor. The proceeds of any sale or other disposition, less the attorneys' fees and any other expenses incurred by the Agent in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited to the Equipment Indebtedness.

Any sale hereunder may be held or conducted at Omaha, Nebraska or at such other place or places and at such time or times as the Agent may specify, in one lot and as an entirety or in separate lots, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Agent may determine, so long as such sale shall be in a commercially reasonable manner. The Lessor, the Lessee and all other persons to whom the law requires notice shall be given written notice of such sale not less than 30 days prior thereto, by telegram or registered mail, addressed as provided above. If such sale is to be a private sale, it shall be subject to the rights of the Lessor and the Lessee to purchase or provide a purchaser, within 10 days prior to the proposed sale date, at the same price offered by the intending purchaser or a better price. The Agent, the Lessor or the Lessee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. In the event that the Agent shall be the purchaser thereof, it shall not be accountable to the Lessor or the Lessee (except to the extent of surplus money re-

ceived as hereinafter provided in this Section 12(, and in payment of the purchase price therefor the Agent shall be entitled to have credited on account thereof all sums due to the Agent hereunder.

Each and every power and remedy hereby specifically given to the Agent shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Agent. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Agent in the exercise of any such power or remedy, and no renewal or extension of any payments due hereunder, shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Lessor or the Lessee shall not otherwise alter or affect the Agent's rights or the Lessor's obligations hereunder. The Agent's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Lessor's obligations or the Agent's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Agent under the remedies herein provided, there shall remain any amount due it under the Notes, the Lessor shall pay the amount of such deficiency to the Agent upon demand; and if the Lessor shall fail to pay such deficiency, the Agent may bring suit therefor and shall be entitled to recover a judgment therefor against the Lessor. If, after applying as aforesaid all sums realized by the Agent, there shall remain a surplus in the possession of the Agent, such surplus shall be paid to the Lessor.

The Lessor will pay all reasonable expenses, including attorneys' fees, incurred by the Agent in enforcing its remedies under the terms of this Security Agreement. In the event that the Agent shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Agent may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Section 12 are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.



Section 13. Further Assurances. The Lessor hereby agrees that it will from time to time and at all times, at the request of the Agent or its successors or assigns, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Agent or intended so to be, including the execution and acknowledgment of any instrument necessary or appropriate to file, record, register or deposit this Security Agreement or notice hereof.

Section 14. Recordings. The Lessor will cause this Security Agreement and any amendments or supplements hereto and thereto to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. §11303; and the Lessor will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Agent for the purpose of proper protection, to the satisfaction of counsel for the Agent, of its security interest in the Equipment and its rights under this Security Agreement or for the purpose of carrying out the intention of this Security Agreement; and the Lessor or the Lessee will promptly furnish to the Agent certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Agent.

Section 15. Copies, Notices. The Lessor shall cause copies of all notices received by it in connection with the Lease and the Guaranty to be promptly delivered to the Agent at its address set forth in the Participation Agreement, or at such other address as the Agent shall designate in writing. The Agent shall give immediately notice by telegram, promptly confirmed in writing, to the Lessor of any default by the Lessee described in clauses (A) and (B) of Section 10 of the Lease and of any other default by the Lessee or the Guarantor of which the Agent has actual knowledge.

Section 16. Governing Law. The terms of this Security Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Nebraska; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. §11303 and such additional rights arising out of the filing, recording, registering or depositing, if any, of the Lease, the Guaranty or this Security Agreement as shall be conferred by the laws of the several jurisdictions in which the Lease, or this Security Agreement shall be filed, recorded, registered or deposited.

Section 17. Severability and Applicable Laws. Any provision of this Security Agreement prohibited or unenforceable by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the the Lessor to the full extent permitted by law, to the end that this Security Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Security Agreement, the Lessor, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Agent's rights under this Agreement and any and all rights of redemption.

Section 18. Limited Recourse, Excess Payments. Notwithstanding any other provision of this Security Agreement,

(a) the Agent acknowledges and agrees that any amounts payable by the Lessor hereunder (except as to amounts arising out of Section 7(b) or Section 10 hereof) shall be limited recourse obligations of the Lessor payable solely from the Notes and the Collateral;

(b) so long as there is no event of default under the Notes or an event which with notice, demand or lapse of time would constitute an event of default thereunder, and to the extent that the Lessor does not seek to receive and collect any Collateral Payments, the terms of this Security Agreement shall not limit or in any way affect (i) the Lessor's right to receive and collect any Excluded Payments or (ii) the Lessor's power to waive or release the Lessee's obligation to pay such Excluded Payments, and the Lessor shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such Excluded Payments.

Section 19. Uniform Commercial Code. This instrument is intended to be a security agreement pursuant to the Nebraska Uniform Commercial Code covering any of the items or types of property included as part of the Collateral that may

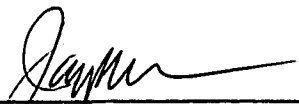
be subject to a security interest pursuant to the Nebraska Uniform Commercial Code, and the Lessor hereby grants the Agent a security interest in such Collateral. This Security Agreement or a reproduction hereof is sufficient as a financing statement, and as a financing statement, it covers, among other things, any proceeds realized from the Collateral. In addition, the Agent shall, and shall request the Lessor to execute and deliver to the Agent, any financing statements, including the Standard Uniform Commercial Code Forms 1, or amendments thereof or continuation statements thereto required or advisable to perfect a security interest in said items or types of property. This Security Agreement may be executed in any number of counterparts, but the counterpart delivered to the Agent shall be deemed to be the original counterpart. Although this Security Agreement is dated as of November 1, 1981 for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this Security Agreement to be signed in their respective corporate names by duly authorized officers as of the date first above written.

MERRILL LYNCH LEASING INC.

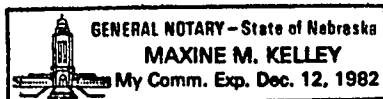
By   
Title Officer

THE OMAHA NATIONAL BANK, as  
Agent

By   
Title VICE PRESIDENT

STATE OF Nebraska ]  
COUNTY OF Douglas ] SS.

9th The foregoing instrument was acknowledged before me this day of November, 1981 by Judith A. Hannaway, an officer of Merrill Lynch Leasing Inc., a Delaware corporation, on behalf of the corporation.



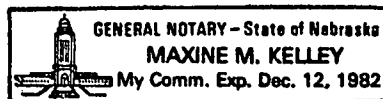
Maxine M. Kelley  
Notary Public

(NOTARIAL SEAL)

My Commission expires December 12, 1982.

STATE OF Nebraska ]  
COUNTY OF Douglas ] SS.

9th The foregoing instrument was acknowledged before me this day of November, 1981 by Jack B. Wheeler, a Vice President of The Omaha National Bank, a national banking association, on behalf of the association.



Maxine M. Kelley  
Notary Public

(NOTARIAL SEAL)

My Commission expires December 12, 1982.

Exhibit A to the Security Agreement

EQUIPMENT SCHEDULE

<u>Type</u>	<u>Quantity</u>	<u>Car Numbers</u>	<u>Place of Delivery</u>
CF-5251 Center Flow Covered Hopper Car	1	NPCX 7006*	Joliet, Illinois
CF-5251 Center Flow Covered Hopper Car	1	NPCX 7015*	Joliet, Illinois
CF-5251 Center Flow Covered Hopper Car	1	NPCX 7042*	Joliet, Illinois
CF-5251 Center Flow Covered Hopper Car	6	NPCX 7000-7005	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	8	NPCX 7007-7014	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	26	NPCX 7016-7041	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	10	NPCX 7043-7052	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	21	NPCX 7055-7075	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	6	NPCX 7078-7083	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	5	NPCX 7087-7091	Milton, Pennsylvania

<u>Type</u>	<u>Quantity</u>	<u>Car Numbers</u>	<u>Place of Delivery</u>
CF-5251 Center Flow Covered Hopper Car	11	NPCX 7093-7103	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	1	NPCX 7105	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	1	NPCX 7108	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	1	NPCX 7109	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	1	NPCX 7111	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	1	NPCX 7113	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	1	NPCX 7115	Milton, Pennsylvania
CF-5251 Center Flow Covered Hopper Car	1	NPCX 7116	Milton, Pennsylvania
Jumbo 112J400W Tank Car	19	NPCX 501-519	Oklahoma City, Oklahoma